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17 WHAM-O, INC.

18 UNITED STATES DISTRICT COURT
19 NORTHERN DISTRICT OF CALIFORNIA

20 Wham-O, INC., a Delaware corporation,

21 Plaintiff,

22 v.

23 BIG TIME TOYS, LLC, a Tennessee limited
24 liability company,

25 Defendant.

26 Case No.: Case No.: C 08-00841 PVT

27 **JOINT CASE MANAGEMENT
28 STATEMENT**

1 In accordance with the Court's Standing Order and the Order Setting Initial Case
 2 Management Conference and ADR Deadlines, the parties hereby submit this Joint Case
 3 Management Conference Statement in advance of the Case Management Conference
 4 scheduled for June 10, 2008 at 2:00 p.m.

5 **I. JURISDICTION AND SERVICE**

6 **A. Subject Matter Jurisdiction**

7 This Court has subject matter jurisdiction over this action pursuant to 15 U.S.C.
 8 § 1121 and 28 U.S.C. §§ 1131, 1138, and 1367.

9 **B. Venue**

10 Venue is proper within this district under the provisions of 28 U.S.C. §1391.

11 **C. Personal Jurisdiction and Service**

13 Plaintiff Wham-O, Inc. ("Plaintiff" or "Wham-O") has served Defendant Big Time
 14 Toys LLC ("Big Time" or "Defendant") and Defendant does not contest service or personal
 15 jurisdiction. No party remains to be served.

16 **II. DESCRIPTION OF THE CASE**

17 **A. Facts**

18 1. Plaintiff's Allegations of the Facts

19 For almost fifty years, Wham-O and its predecessors have engaged in the business of
 20 manufacturing and marketing in interstate commerce toys called "water slides" sold under
 21 the SLIP 'N SLIDE® trademark (U.S. Reg. No. 761,883). Since the introduction to the
 22 public of the SLIP 'N SLIDE water slide toy in 1961, the water slide portion of Wham-O's
 23 SLIP 'N SLIDE water slide toy has been colored yellow, and that color has long served to
 24 identify and distinguish Wham-O's water slide toys from those of others. Wham-O and its
 25 predecessors have sold millions of yellow water slides under the SLIP 'N SLIDE trademark,
 26 and Wham-O has consistently promoted the YELLOW WATER SLIDE® mark on its
 27 packaging, creating a direct consumer association between the SLIP 'N SLIDE word mark
 28

1 and the registered YELLOW WATER SLIDE mark (U.S. Reg. No. 1,432,069). By virtue
 2 of almost fifty years of use, promotion and sales, the YELLOW WATER SLIDE mark has
 3 become famous. As a result of lengthy use and compliance with statutory requirements, this
 4 registration has attained incontestable status. In December 2007, the United States District
 5 Court for the Central District of California (*SLB Toys USA, Inc. v. Wham-O*, Case No. CV
 6 06-1382 RSWL (CWx)) (the “*SLB* case”) adjudicated the YELLOW WATER SLIDE mark
 7 valid and famous.

8 Defendant Big Time also manufactures and markets water-related toys. On or about
 9 May 30, 2007, Wham-O learned that Defendant had manufactured and sold a water slide
 10 toy, called the “*Finding Nemo Wacky Wild Waterslide*”, that depicted a water slide with a
 11 yellow sliding surface on the packaging, even though the slide itself was orange. Compl.
 12 Ex. 4. Such misleading and infringing packaging was precisely the same conduct that
 13 resulted in a \$6 million judgment, plus nearly \$2 million in attorney’s fees, in the *SLB* case.
 14 On June 12, 2007, shortly after learning of this infringement, Wham-O notified Defendant
 15 that its “*Finding Nemo*” water slide toy infringed Wham-O’s intellectual property rights and
 16 demanded that it immediately stop selling or discontinue use of the infringing product.
 17 Compl. Ex. 5. Eventually Big Time responded to Wham-O’s demands, stating that it would
 18 consider discontinuing use of the infringing colors in the “next production.” Compl. Ex. 8.
 19 Wham-O understood that to mean that Defendant would cease using its mark for future
 20 manufacturing and, given that it was the end of the toy season for water slides, Wham-O
 21 believed that this concluded the matter.

22 Subsequently, on around October 12, 2007, Wham-O issued a press release
 23 announcing its jury verdict in the *SLB* case and that Central District’s decision to sustain
 24 Wham-O’s YELLOW WATER SLIDE mark. Compl. Ex. 9. The jury verdict and the
 25 accompanying press release generated a great deal of discussion in the toy industry and
 26 Wham-O received a congratulatory message from Defendant Big Time, which
 27 acknowledged Wham-O’s victory and the court’s decision to sustain Wham-O’s YELLOW
 28 WATER SLIDE mark. Compl. Ex. 10.

1 Despite Defendant's promise to cease using its mark and its subsequent
 2 congratulatory message, on January 17, 2008, Wham-O learned that Defendant *continues* to
 3 sell its water slide toys in the same infringing packaging at Target stores. Incredibly,
 4 Defendant—knowing of a prior jury verdict for willful infringement, intentional false
 5 advertising, and willful dilution and in apparent deliberate disregard thereof—undertook,
 6 and continues to undertake, the very same course of conduct that resulted in the nearly \$8
 7 million judgment in that case.

8 2. Defendant's Allegations of the Facts

9 As stated in Plaintiff's statement, this matter focuses on an image on a box, not an
 10 infringing product. The product at issue, Big Time's "Finding Nemo Wacky Wild
 11 Waterslide" (the "Product") is in fact orange – not yellow. Moreover, there should be little
 12 dispute that the distinguishing characteristic of the Product is the use of well known Disney
 13 characters, through a license with Disney, not the color of the slide. There is no dispute that
 14 Big Time has never sold a yellow Product. The sole issue in this matter involves the sale of
 15 certain numbers of the Product in a package depicting a yellow colored slide.

16 Big Time sold approximately 12,000 packages with a yellow color waterslide
 17 displayed on the box in 2007. After receiving Wham-O's demand to cease selling the
 18 Product with a yellow colored waterslide displayed on the package, Big Time agreed to stop
 19 any further production of boxes depicting a yellow waterslide. Without admitting any of
 20 the Plaintiff's assertions, Big Time agreed to change the color of the waterslide displayed
 21 on the box to a non-yellow color.

22 As promised, the packaging for the Product was changed for the 2008 season;
 23 however, approximately 3,000 waterslides (remnant inventory from last year) were sold to
 24 Target late last year. It is Big Time's understanding that no other retailers have the Product
 25 with the yellow-colored waterslide packaging; instead, Big Time believes that all other
 26 retailers have Products that depict an orange-colored waterslide on the packaging – the
 27 actual color of all of the waterslides.

1 Big Time has taken steps to ensure that no further Products will be sold by Big Time
 2 with a yellow waterslide on the packaging. Moreover, because of the unique design of the
 3 Product, and its Disney demarcations, there is little chance that consumers will be confused
 4 that the Product has been manufactured by Plaintiff. The fact that few units remain in the
 5 marketplace further ensures that confusion is highly unlikely. It is also important to note
 6 that Big Time did not make a profit on the sale of any of the units of the Product contained
 7 in the allegedly infringing packaging. Plaintiff is fully aware of this fact. Moreover,
 8 Plaintiff does not assert that the existence of the Product has prevented Plaintiff from
 9 earning profits itself. Accordingly, this is not a typical damages matter. It is Big Time's
 10 assertion that there is nothing left to be done and by having changed the packaging for all
 11 future Product, there is no further risk of harm to Plaintiff.

12 **B. Legal Issues**

13 a. **Plaintiff's Identification of Legal Issues**

14 Wham-O contends that Defendant's use of the color yellow in connection with the
 15 manufacture, advertisement, distribution and sale of water slides damages the value of
 16 Wham-O's rights in the YELLOW WATER SLIDE mark and is likely to injure the business
 17 reputation and goodwill of Wham-O. Defendant's marketing, advertising, sale and
 18 promotion of its water slides in packaging depicting a yellow colored sliding surface creates
 19 a likelihood that a false and unfair association will be made between the water slides of
 20 Defendant and those of Wham-O because the purchasing public is likely to believe that
 21 Defendant's water slide toys are connected with, or produced or sponsored by Wham-O.
 22 What is more, Defendants refusal to remove the offending slides from the shelves of its
 23 retail customers, despite its promise to do so and its acknowledgment of the ruling in the
 24 *SLB* case confirm that Defendant's conduct is willful.

25 b. **Defendant's Identification of Legal Issues**

26 Big Time denies the allegations of Plaintiff. Plaintiff is unable to state a claim upon
 27 which relief may be granted because, among other things, Big Time has committed no

1 unfair act, the alleged trademark is generic, functional, lacks secondary meaning and there
 2 is no likelihood of confusion with Big Time's Product. There is no evidence of willful
 3 misconduct as Big Time took immediate steps to change its packaging after receiving notice
 4 from Plaintiff. Additionally, Big Time has affirmative defenses of accord and satisfaction,
 5 estoppel and waiver.

6 **C. Relief Sought**

7 Plaintiffs assert that they are entitled to a judgment that Defendants have engaged in
 8 willful infringement, willful trademark dilution, and willful false advertising. Plaintiff
 9 seeks to recover all profits attributable to Defendant's conduct, and, because their conduct
 10 was willful, a trebling of these profits. In light of Defendant's willful conduct, Wham-O
 11 requests a finding that this case is exceptional and that an award of attorney's fees is
 12 justified. In addition, Wham-O seeks a permanent injunction restraining and enjoining
 13 Defendant, and all of its agents, successors, and assigns, and all persons in active concert or
 14 participation with any of them, from using the color yellow in connection with the
 15 distribution, sale or offering for sale of water slide toys, or any other mark, alone or in
 16 combination with other words or symbols, that is confusingly similar to WHAM-O's
 17 YELLOW WATER SLIDE, or which is likely to cause confusion or mistake or to deceive,
 18 including any use on Defendant's website and on the Internet.

19 Big Time asserts that it is entitled to judgment in its favor as follows: (1) That
 20 Plaintiff takes nothing by its Complaint; (2) For costs of suit, including reasonable
 21 attorneys' fees; and (3) for such other and further relief as the court may deem just and
 22 proper. As there are no recoverable damages being sought in this matter, Plaintiff is
 23 seeking nothing more than a declaration of rights.

24 **III. MOTIONS**

25 At present, no motions have been filed. The parties anticipate that, barring a
 26 settlement of this action, summary judgment motions will be filed.

1 **IV. AMENDMENT OF PLEADINGS**

2 Plaintiff does not anticipate filing an Amended Complaint at this time.

3 **V. EVIDENCE PRESERVATION**4 The parties have taken reasonable steps to preserve documents within their
5 possession and control and appropriate litigation holds are in effect. Moreover, in
6 connection with the *SLB* case, Wham-O has previously collected and preserved documents
7 relating to the YELLOW WATER SLIDE mark including, *inter alia*, the validity of the
8 YELLOW WATER SLIDE mark, Wham-O's sales of water slide toys using the YELLOW
9 WATER SLIDE mark, and Wham-O's marketing and advertising of the YELLOW
10 WATER SLIDE mark.11 **VI. INITIAL DISCLOSURES**12 The Court has ordered the parties exchange Initial Disclosures on June 3, 2008 and
13 the parties have confirmed their intention to comply with this order and identify the
14 potential witness and the categories of documents in their possession and control.15 **VII. DISCOVERY**16 **A. Discovery Schedule**17 No discovery has taken place to date. The parties propose the following schedule
18 which includes specific deadlines and an approximate trial date:

19 Event	20 Date
21 Initial Disclosures	22 June 3, 2008
23 Produce all Documents and Privilege Logs	24 November 2008
25 Close Fact Discovery	26 January 2009
27 Expert Discovery	28
29 Each party identifies experts on 30 issues for which party bears the 31 burden of proof	32 February 2009
33 Opening Reports	34 February 2009

1	Rebuttal Reports	March 2009
2	Close of Expert Discovery	April 2009
3	Hearing on Dispositive Motions	May 2009
4	Trial	July 2009

5 **B. Discovery Limits**

7 At this time, the parties do not foresee a need to vary the presumptive limits on
 8 discovery set forth in the Federal Rules of Civil Procedure. If, as discovery progresses,
 9 Plaintiffs or Defendants believe they need additional discovery beyond what is
 10 contemplated by the Federal Rules, they will first attempt to meet and confer and then seek
 11 any relief that is necessary.

12 **C. Electronic Discovery and Document Production**

13 The parties agree to produce electronic information and documents in a TIFF format
 14 with certain metadata included if available (i.e., file location, author/sender, recipient, date
 15 created, last date modified, date sent, attachment cross-reference, page breaks), and that
 16 parties produce electronic documents in a text searchable format, to the extent the original
 17 documents are text searchable. The parties further agree to produce specifically identified
 18 documents in native format, to the extent such document is not reasonably readable in a
 19 TIFF format. With respect to hard copy documents, the parties agree either to scan and
 20 produce these documents in a TIFF format, with appropriate page breaks, or produce said
 21 documents in paper format. These documents should be produced in an order that replicates
 22 how they were kept in the ordinary course of business, and the production will include
 23 associated file folder headings, post-it notes, etc.

24 **VIII. CLASS ACTIONS**

25 This case is not a class action.

26 **IX. RELATED CASES**

27 There are no related cases or proceedings pending before another judge of this court,
 28 or before another court or administrative body.

1 **X. SETTLEMENT AND ADR**

2 The parties have engaged in informal settlement discussions and, pursuant to Local
 3 ADR Rule 3-5, have agreed to court-sponsored mediation.

4 **XI. CONSENT TO MAGISTRATE JUDGE FOR ALL PURPOSES**

5 Both parties decline to proceed before a Magistrate Judge for all purposes.

6 **XII. OTHER REFERENCES**

7 Pursuant to the Standing Order's of Magistrate Judge Trumbull, upon reassignment
 8 of this case to a United States District Court and absent a court order, the case will be
 9 referred to Magistrate Judge Trumbull for all discovery purposes. The parties see no need
 10 for any other reference.

11 **XIII. NARROWING OF ISSUES**

12 This is a fairly simple and straightforward case. The parties agree it is neither
 13 necessary nor desirable to bifurcate issues for trial.

14 **XIV. EXPEDITED SCHEDULE**

15 The Parties do not believe this is the type of case that can be handled on an expedited
 16 basis with streamlined procedures.

17 **XV. TRIAL**

18 Plaintiffs have requested a trial by jury and the parties estimate the trial will last one
 19 to two weeks.

20 **XVI. DISCLOSURE OF NON-PARTY INTERESTED ENTITIES OR PERSONS**

21 The parties have filed their respective "Certifications of Interested Entities or
 22 Persons" as required by Local Civil Rule 3-16. Plaintiff Wham-O is owned by Cornerstone
 23 Overseas Investments, Ltd.

24 Date: June 3, 2008

25
 26 By: /s/ Annette L. Hurst
 27 Annette L. Hurst
 Attorney for Plaintiff

By: /s/ John W. Peterson
 John W. Peterson
 Attorney for Defendant

1 **ATTESTATION OF E-FILED SIGNATURE**

2 I, Annette L. Hurst, attest that John W. Peterson has read and approved the Joint
3 Case Management Conference Statement. I will maintain records of Mr. Peterson
4 concurrence in our files that can be made available for inspection upon request.

5 /s/ *Annette L. Hurst*
6 Annette L. Hurst

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